

State: District of Columbia **First Filing Company:** Pennsylvania Manufacturers' Association Insurance Company, ...

TOI/Sub-TOI: 17.0 Other Liability-Occ/Claims Made/17.0001 Commercial General Liability

Product Name: Human Services Program - General Liability

Project Name/Number: Human Services - General Liability Rate Modification Factor/ORSIU-HS-GL-RF-19

Filing at a Glance

Companies: Pennsylvania Manufacturers' Association Insurance Company
Manufacturers Alliance Insurance Company
Pennsylvania Manufacturers Indemnity Company

Product Name: Human Services Program - General Liability

State: District of Columbia

TOI: 17.0 Other Liability-Occ/Claims Made

Sub-TOI: 17.0001 Commercial General Liability

Filing Type: Rate/Rule

Date Submitted: 11/12/2019

SERFF Tr Num: OREP-132151025

SERFF Status: Submitted to State

State Tr Num:

State Status:

Co Tr Num: ORSIU-HS-GL-RF-19

Effective Date: 12/01/2019

Requested (New):

Effective Date: 12/01/2019

Requested (Renewal):

Author(s): Jeremy Battles, Kelly Gunning

Reviewer(s):

Disposition Date:

Disposition Status:

Effective Date (New):

Effective Date (Renewal):

State: District of Columbia **First Filing Company:** Pennsylvania Manufacturers' Association Insurance Company, ...

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General Information

Project Name: Human Services - General Liability Rate Modification Factor Status of Filing in Domicile: Pending

Project Number: ORSIU-HS-GL-RF-19 Domicile Status Comments:

Reference Organization: Reference Number:

Reference Title: Advisory Org. Circular:

Filing Status Changed: 11/12/2019

State Status Changed: Deemer Date:

Created By: Jeremy Battles Submitted By: Jeremy Battles

Corresponding Filing Tracking Number:

Filing Description:

Pennsylvania Manufacturers' Association Insurance Company (PMA), Pennsylvania Manufacturers Indemnity Company (PMI), and Manufacturers Alliance Insurance Company (MAICO), members of Insurance Services Office (ISO), are filing to introduce a rate modification factor to the General Liability pricing for all classes within their new Human Services Program. There is no rate impact resulting from this filing.

Please refer to the attached Actuarial Memorandum and supporting exhibits for additional details.

Company and Contact

Filing Contact Information

Kelly Gunning, kellygunning@ircllc.com
231 W 29th Street, Suite 707 407-595-3218 [Phone]
New York, NY 10001

Filing Company Information

Pennsylvania Manufacturers' Association Insurance Company	CoCode: 12262	State of Domicile:
380 Sentry Parkway	Group Code: 150	Pennsylvania
Blue Bell, PA 19422	Group Name: Old Republic Gen	Company Type:
(610) 397-5222 ext. [Phone]	Ins Grp	State ID Number:
	FEIN Number: 23-1642962	

Manufacturers Alliance Insurance Company	CoCode: 36897	State of Domicile:
380 Sentry Parkway	Group Code: 150	Pennsylvania
Blue Bell, PA 19422	Group Name: Old Republic Gen	Company Type:
(610) 397-5222 ext. [Phone]	Ins Grp	State ID Number:
	FEIN Number: 23-2086596	

Pennsylvania Manufacturers Indemnity Company	CoCode: 41424	State of Domicile:
380 Sentry	Group Code: 150	Pennsylvania
Blue Bell, PA 19422	Group Name: Old Republic Gen	Company Type:
(610) 397-5222 ext. [Phone]	Ins Grp	State ID Number:
	FEIN Number: 23-2217934	

State: District of Columbia **First Filing Company:** Pennsylvania Manufacturers' Association Insurance Company, ...

TOI/Sub-TOI: 17.0 Other Liability-Occ/Claims Made/17.0001 Commercial General Liability

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Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

SERFF Tracking #:	OREP-132151025	State Tracking #:		Company Tracking #:	ORSIU-HS-GL-RF-19
<hr/>					
State:	District of Columbia	First Filing Company:	Pennsylvania Manufacturers' Association Insurance Company, ...		
TOI/Sub-TOI:	17.0 Other Liability-Occ/Claims Made/17.0001 Commercial General Liability				
Product Name:	Human Services Program - General Liability				
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Rate Information

Rate data does NOT apply to filing.

State:	District of Columbia	First Filing Company:	Pennsylvania Manufacturers' Association Insurance Company, ...
TOI/Sub-TOI:	17.0 Other Liability-Occ/Claims Made/17.0001 Commercial General Liability		
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Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Human Services Program - General Liability State Exception Page	CG-DC-HS-RF-1 (Edition 11.19)	New		CG-DC-HS-RF-1 11.19.pdf

COMMERCIAL LINES MANUAL
DIVISION SIX – COMMERCIAL GENERAL LIABILITY
Human Services Program

Companies: Pennsylvania Manufacturers' Association Insurance Company
Pennsylvania Manufacturers Indemnity Company
Manufacturers Alliance Insurance Company

Division: Six – Commercial General Liability

The following additional rule applies to the rating of the Human Services program:

To determine the general liability premium, the following additional rate modification factor applies.

Coverage	Rate Modification
General Liability	1.54

State:	District of Columbia	First Filing Company:	Pennsylvania Manufacturers' Association Insurance Company, ...
TOI/Sub-TOI:	17.0 Other Liability-Occ/Claims Made/17.0001 Commercial General Liability		
Product Name:	Human Services Program - General Liability		
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Supporting Document Schedules

Satisfied - Item:	Consulting Authorization
Comments:	
Attachment(s):	1 - Filing Authorization 2019 IRC.pdf
Item Status:	
Status Date:	

Bypassed - Item:	Actuarial Certification (P&C)
Bypass Reason:	N/A - There is no rate impact resulting from this filing
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
Bypass Reason:	N/A - New; There is no rate impact resulting from this filing
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
Bypass Reason:	N/A - New; There is no rate impact resulting from this filing
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Actuarial Memorandum & Exhibits
Comments:	
Attachment(s):	Actuarial Memorandum.pdf DC Filing Exhibits.pdf
Item Status:	
Status Date:	



380 Sentry Parkway, Blue Bell, PA 19422 | T: 610.397.5000

January 30, 2019

Re: Filing Authorization Letter

To Whom It May Concern:

In accordance with the applicable statutes and regulations of your state, Insurance Regulatory Consultants, LLC (IRC), is hereby authorized to submit filings on behalf of the PMA Companies Inc. which includes the following companies:

Pennsylvania Manufacturers' Association Insurance Company (PMAIC) -150-12262

Manufacturers Alliance Insurance Company (MAICO) -150-36897

Pennsylvania Manufacturers Indemnity Company (PMI) -150-41424

This authorization extends to all correspondence regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "Geoff Chester", is written over the printed name.

Geoff Chester

Vice President

Product Management and Development



OLD REPUBLIC INSURANCE GROUP

**PMA COMPANIES
GENERAL LIABILITY
ACTUARIAL MEMORANDUM**

**Pennsylvania Manufacturers' Association Insurance Company
Manufacturers Alliance Insurance Company
Pennsylvania Manufacturers Indemnity Company**

Human Services Program

The PMA Companies submit the following rule to incorporate rate modification factors to the General Liability pricing for all classes within our Human Services Program. This is a new program for the PMA Companies, but the program has several years of experience with another carrier.

These rate modification factors are intended to adjust for the difference in the filed loss cost multipliers (LCM) between Pennsylvania Manufacturers' Association Insurance Company and the program's current carrier, as well as to take the program's rate indication into consideration. Please see the enclosed supporting exhibits for details.

There is no rate impact since this program is new to the PMA Companies.

The PMA Companies
Human Services Program
Calculation of General Liability Rate Modification Factor

(1)	(2)	(3)	(4)	(5)
PMA Loss Cost Multiplier	Current Carrier Loss Cost Multiplier	Indicated Rate Change	Indicated Rate Modification Factor	Selected Rate Modification Factor
1.423	1.642	33.1%	1.54	1.54

Notes:

- (1) Pennsylvania Manufacturers Association District of Columbia loss cost multiplier.
- (2) Prior carrier District of Columbia loss cost multiplier.
- (3) Exhibit 2, row (12).
- (4) $= (2) \div (1) \times [1.0 + (3)]$

The PMA Companies
Human Services Program
Projection of Commercial General Liability Rate Need Based on Countrywide Data

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Accident Year	Earned Premium	Annual Rate Change	On-Level Earned Premium	Cumulative Development Factor	Unlimited Incurred Loss and ALAE 12/31/2018	Estimated Ultimate Loss and ALAE	Estimated On-Level Loss and ALAE Ratio	Trended On-Level Loss and ALAE Ratio
2009	23,068	-5.6%	39,654	1.009	0	232	0.6%	0.9%
2010	121,537	10.5%	198,992	1.014	15,024	16,899	8.5%	12.4%
2011	296,444	5.5%	449,135	1.019	347,133	352,645	78.5%	110.6%
2012	899,920	1.9%	1,314,586	1.026	599,713	621,595	47.3%	64.2%
2013	1,057,648	5.1%	1,493,318	1.043	1,028,018	1,068,663	71.6%	93.8%
2014	1,211,465	14.8%	1,560,447	1.070	793,230	861,370	55.2%	69.8%
2015	1,357,092	3.2%	1,602,349	1.145	838,168	973,136	60.7%	74.1%
2016	1,541,158	4.4%	1,753,281	1.334	957,864	1,250,431	71.3%	83.9%
2017	1,736,316	2.5%	1,909,210	1.776	783,848	1,339,105	70.1%	79.6%
2018	2,076,230	8.6%	2,165,508	3.042	860,857	1,828,628	84.4%	92.4%
						8,312,705		
					all year			80.4%
					5 year			80.8%
					3 year			85.6%
					5 year excl. hi/lo			79.2%
(10)	Selected Ultimate Loss and ALAE Ratio							80.0%
(11)	ULAE Factor							1.084
(12)	Ultimate Loss and LAE Ratio							87%
(13)	Total Expense and Profit Ratio:							39.9%
(14)	Permissible Loss and LAE Ratio:							60.1%
(15)	Indicated Rate Change							33.1%

Notes:

- (2), (3), (6) Historical countrywide data for Human Services program provided by program administrator
- (4) Written premium in column (2) adjusted to current rate level based on the annual rate changes in column (3).
- (5) LDFs selected based on ISO Circular AS-GL-2019-027
- (7) Cape Cod Method estimated ultimate losses
- (8) = (7) ÷ (4)
- (9) Column (8) trended at an annual trend rate of 3.7% based on ISO Circular AS-GL-2019-026.
- (10) Judgmentally selected based on weighted averages of column (9).
- (11) Selected based on ISO Circular AS-GL-2018-038
- (12) = (10) × (11)
- (13) See Expense Exhibit
- (14) = 1.00 - (13)
- (15) = [(12) ÷ (14)] - 1.00

PMA Companies
Commercial General Liability
Countrywide Calendar Year Data
Direct Experience

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>5 Year</u>	<u>Selected</u>
1. Direct Written Premium	16,834,738	15,215,269	25,460,690	35,052,710	40,933,880	133,497,287	
2. Direct Earned Premium	16,828,932	14,985,374	20,455,708	30,027,397	40,536,719	122,834,130	
3. Direct Incurred Loss	9,867,739	11,930,948	15,669,476	26,658,192	31,326,350	95,452,705	
4. Incurred LAE	9,513,624	15,788,216	15,253,198	13,913,403	7,616,487	62,084,928	
5. Commissions	1,122,350	1,729,074	3,492,080	5,340,381	5,397,740	17,081,625	
6. Other Acquisition	582,771	510,842	604,691	672,833	1,091,850	3,462,987	
7. General Expenses	1,226,867	1,079,969	1,309,236	1,427,770	1,801,135	6,844,977	
8. Taxes, Licenses, & Fees	503,644	487,640	608,209	941,241	1,126,108	3,666,842	
9. Incurred Loss Ratio (3. / 2.)	58.6%	79.6%	76.6%	88.8%	77.3%	77.7%	
10. Incurred LAE Ratio (4. / 2.)	56.5%	105.4%	74.6%	46.3%	18.8%	50.5%	
11. LAE as a % of Loss (4. / 3.)	96.4%	132.3%	97.3%	52.2%	24.3%	65.0%	
12. Commissions	6.7%	11.4%	13.7%	15.2%	13.2%	12.0%	25.0%
13. Other Acquisition (6. / 1.)	3.5%	3.4%	2.4%	1.9%	2.7%	2.8%	2.3%
14. General Expenses (7. / 2.)	7.3%	7.2%	6.4%	4.8%	4.4%	6.0%	5.0%
15. Taxes, Licenses & Fees (8. / 1.)	3.0%	3.2%	2.4%	2.7%	2.8%	2.8%	1.7%
16. U/W Profit & Contingencies							5.9%
17. Total Expenses							39.9%

Notes:

- 12. Commission level for Human Services Program
- 15. State specific data from ISO
- 16. Profit Provision Page 1, Line K

THE PMA COMPANIES
Countrywide
Monoline & Package General Liability
Profit Provision Calculation

A. Unearned Premium Reserve	
1. Direct Earned Premium Projected for the First Full Calendar Year	44,169,229
2. Average Unearned Premium Reserve (1) X 0.500	22,084,615
3. Percentage Total of Prepaid Expense	
Commission and Brokerage	25.00%
Taxes, Licenses & Fees	1.70%
50% of Other Acquisition	1.15%
50% of General Expense	<u>2.50%</u>
Total	30.35%
4. Deduction for Federal Taxes Payable	4.20%
5. (2) X [(3) + (4)]	7,630,234
6. Subject to Investment = (2) - (5)	14,454,380
B. Delayed Remission of Premiums	
1. Direct Earned Premium	44,169,229
2. Average Agents' Balance	0.362
3. Delayed Remission = (1) X (2)	15,979,084
C. Expected Loss and Loss Adjustment Reserve	
1. Direct Earned Premium	44,169,229
2. Expected Loss & Loss Adjustment Expense Ratio	60.1%
3. Expected Incurred Loss and LAE = (1) X (2)	26,545,706
4. Selected Ratio of Mean Loss Reserve to Incurred Loss	2.000
5. Expected Mean Loss + LAE Reserves = (3) X (4)	53,091,412
D. Net Subject to Investment = (A.6) - (B.3) + (C.5); if < 0, then 0.	51,566,708
E. Average After Tax Investment Income on Invested Assets	2.69%
F. Investment Earnings on Net Subject to Investment = [D] X [E]	1,387,144
G. Average After Tax Rate of Return as a Percent of Direct Earned Premium = (F) / (A.1)	3.14%
H. Required After Tax Return on Premium	7.78%
I. Indicated After Tax Underwriting Profit Provision = (H) - (G)	4.64%
J. Indicated Pre-Tax Underwriting Profit Provision = (I) / 0.79; rounded to nearest 0.1%	5.90%
K. Company Selected Pre-Tax Underwriting Profit Provision (Net of Inv. Inc.)	5.90%

Note: The PMA Companies are comprised of the following:
Pennsylvania Manufacturers Association Insurance Company
Manufacturers Alliance Insurance Company
Pennsylvania Manufacturers Indemnity Company

THE PMA COMPANIES
Countrywide
Monoline & Package General Liability

1.	Line A.2	
(a)	Direct Earned Premium for CY 2018	42,629,793
(b)	Direct Unearned Premium Reserve as of 12/31/2018	18,951,297
(c)	Direct Unearned Premium Reserve as of 12/31/2017	17,913,975
(d)	Mean Direct Unearned Premium Reserve ((b)+(c))/2	18,432,636
(e)	Ratio: (d)/(a)	0.432
(f)	Selected Ratio:	0.500
	Line A.2 = (f) Selected Ratio X Line A.1	
2.	<u>Line A.4</u>	
	The Tax Reform Act of 1986 taxes 20% of the unearned premium reserve.	
	The total tax payable on the unearned premium reserve equals 4.2% of the year-end reserve (.20 x .21 = .042).	
3.	Line B.2	
	Agents' Balances or Uncollected Premiums: Overdue - Admitted & Non-Admitted	
(a)	Direct Earned Premium for CY 2018	696,466,956
(b)	Uncollected premiums and agents' balances 2018	106,412,328
(c)	Deferred premiums, agents' balances and installments 2018	139,343,625
(d)	Uncollected premiums and agents' balances 2017	112,637,465
(e)	Deferred premiums, agents' balances and installments 2017	145,527,707
(f)	Mean Ratio = { [(b) + (c) + (d) + (e)] / 2 } / (a)	0.362
4.	Line C.4	
	Expected Mean Loss Reserves	
(a)	Direct Incurred Losses for CY 2017	25,979,913
(b)	Direct Incurred Losses for CY 2018	32,629,774
(c)	Direct Reserves as of 12/31/2016	46,766,172
(d)	Direct Reserves as of 12/31/2017	57,044,870
(e)	Direct Reserves as of 12/31/2018	73,698,936
(f)	Mean Loss Reserves 2017 = 0.5 X [(c) + (d)]	51,905,521
(g)	Mean Loss Reserves 2018 = 0.5 X [(d) + (e)]	65,371,903
(h)	Ratio (f) / (a)	1.998
(i)	Ratio (g) / (b)	2.003
(j)	0.5 X [(h) + (i)]	2.001
(k)	Estimated Reserve Discount	7.38%
(l)	Federal Taxes Payable (% of Reserves) = (k) X 0.21	1.55%
(m)	(j) X [1.0 - (l)]	1.970
(n)	Selected Ratio	2.000
5.	Line E	
(a)	Pre-Tax Investment Income on Invested Assets =	3.40%
(b)	After Tax Investment Income on Invested Assets [3.40% x (1.00 - 0.21)] =	2.69%
6.	Line H	
(a)	After-tax return on equity (ROE)	10.67%
(b)	After-tax return on investments (ROI): Line E	2.69%
(c)	ROE minus ROI	7.98%
(d)	Direct Premium / Surplus Ratio	1.025
(e)	Required After Tax Return on Premium: (c) / (d)	7.78%